

WASHINGTON STATE LIQUOR CONTROL BOARD

3000 Pacific Ave SE • PO Box 43093 Olympia WA 98504-3093 • (360) 664-1600

Notice of Revised Rules Regarding Washington State Beer and Wine Taxes

The purpose of this memo is to explain the attached new rules regarding beer and wine tax payment requirements. These rules will be effective on September 1, 2000.

Why did the Liquor Control Board change these rules?

Governor Locke issued an Executive Order that requires state agencies to review all of their existing rules, as well as all policies that directly affect the public. The purpose of this review is for agencies to work with stakeholders to evaluate the effectiveness, clarity, fairness, and statutory intent of the agency's rules.

The attached rule language regarding beer and wine tax payment requirements is a result of a review process by a Liquor Control Board process improvement team, the agency's licensees, and public participants.

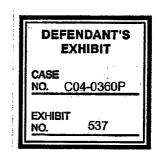
When do the new rules become effective?

September 1, 2000.

Summary of new rules. How are these rules different from existing rules?

The new rules replace parts of existing WAC chapters 314-20 and 314-24 and outline the beer and wine tax reporting and payment requirements for the following licensees:

- Washington beer and/or wine distributors
- Washington beer and/or wine importers
- domestic breweries
- domestic breweries/brand owners
- microbreweries
- domestic wineries
- public houses
- beer certificate of approval holders
- wine certificate of approval holders



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The new rules make the following changes to current rules:

- Moves the beer tax liability from breweries to beer distributors, making this process consistent with wine tax collection:
 - Beer distributors will pay the beer tax directly to the state, as opposed to paying the
 equivalent amount to the brewery in the form of product price markup.
 - Beer distributors will begin paying the Washington State excise tax on the September report, which is due by October 20th (the same timelines that currently exist for wine).
 - Beginning with the September report, which is due October 20th, Washington breweries
 and beer certificate of approval holders will no longer pay the Washington State excise
 tax with their monthly reports.
- Eliminates the mandatory surety bond requirement for all licensees with a tax liability. This
 has been replaced with a bonding requirement only for those licensees consistently late in
 reporting and paying taxes.
- Adds an option for an assignment of savings account as an alternative to acquiring a surety bond.

How do these new rules affect price postings?

Type of licensee Washington breweries, beer importers, and beer certificate of approval holders	Instructions	
	 These licensees should revise their posted prices for sales to distributors so the prices no longer include a markup for the Washington State tax. The tax will be paid by the first Washington distributor to receive the product (per WAC 314-19-015(2)). File these revised prices by July 25th, with revisions by August 1, 2000. The effective date of the revised prices will be September 1, 2000. 	
Beer distributors	 The distributors' posted prices for sales to retailers will not change due to the shift in tax liability. The posted prices should continue to include a markup for the tax as it remains part of the distributors' acquisition cost. The distributors' posted price to other distributors (subjobbing) should include a markup for the tax if the selling distributor wishes to recoup the tax dollars. 	

What are the changes to the beer reporting forms?

- The Board is developing new beer reporting forms, which will be sent to all licensees well in advance of the October 20th filing deadline.
- The new reports will show the total quantity sold to or purchased from a licensee, rather than
 each individual invoice for the month.
- The reports are more user-friendly and will also be available in an Excel format with built-in formulas.

The Board continues to study the feasibility of creating an Internet-based filing system, similar to that used for price posting, and the possibility of electronic funds transfer for the tax payment.

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When can existing surety bonds be cancelled?

All current surety bonds may be cancelled effective September 1, 2000. Contact your surety company to process the cancellation. Submit the cancellation notice to:

Washington State Liquor Control Board Manufacturers, Importers, and Wholesalers Section PO Box 43093 Olympia WA 98504-3093

See WAC 314-19-020 for information on surety bond and assigned savings account requirements.

Contacts:

For beer reporting forms and tax liability questions:

- Kathy Payne (360) 664-1691 kp@liq.wa.gov
- Sun Taylor (360) 664-1681 st@liq.wa.gov

Washington State licensees may also contact their local Liquor Control Board auditor:

Auditor	Phone	Email
Steve Benson	509-783-5940	sbb@liq.wa.gov
John Craighill	360-753-1680	jc@liq.wa.gov
Mario Cruz	253-850-2464	msc@liq.wa.gov
Tom Detchmendy	425-821-9196	rtd@liq.wa.gov
Martin Mitchell	206-933-6520	mam@liq.wa.gov
Bernie Pieterman	253-984-6245	bhp@liq.wa.gov
Kim Rasmussen	509-465-9078	kkr@liq.wa.gov
Don Swanson	360-423-0566	drs@liq.wa.gov
Ernie Wilson	360-757-6776	eww@liq.wa.gov
Greg Wood	253-288-1121	gdw@liq.wa.gov

For price posting and surety bond questions:

- Jamie Conwell (360) 664-1637 jac@liq.wa.gov,
- Fern Norton (360) 664-1640 fn@lig.wa.gov
- Heidi Whisman (360) 664-1641 hmw@liq.wa.gov.

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